



**STAFF REPORT
ACTION REQUIRED
With Confidential
Attachment**

2016-2025 Capital Budget and Plan Adoption

Date:	February 22, 2016
To:	Toronto Public Library Board
From:	City Librarian
Reason for Confidential Information:	This report involves a proposed or pending acquisition or disposition of land by the Board – Public Libraries Act, R.S.O. 1990, Chapter P.44, 16.1 (4) (c)

SUMMARY

The purpose of this report is to seek Toronto Public Library (TPL) Board adoption, subject to Council approval, of the amended 2016-2025 capital budget and plan of \$160.807 million debt (\$256.529 million gross), which includes a 2016 budget of \$16.875 million debt (\$27.449 million gross). The capital budget and plan has been amended for funding from the Canada 150 Community Infrastructure Program (CIP 150) of \$0.927 million gross (\$0 debt).

While some progress has been made on increasing funding from the City, the capital budget and plan is inadequate to address the Library’s State of Good Repair (SOGR) requirements over the 10 years.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. adopts, subject to Council approval, the 2016-2025 capital budget and plan, which excludes funding from the Canada 150 Community Infrastructure Program, of \$160.807 million debt (\$255.602 million gross), as detailed in Attachment 1 and comprised of:
 - a. 2016 cash flow of \$15.575 million debt (\$24.851 million gross) and a preliminary carry forward from 2015 of \$1.300 million debt (\$2.294 million gross) for a total 2016 capital budget of \$16.875 million debt (\$27.145 million gross) with future year commitments of \$48.515 million debt (\$74.540 million gross); and

- b. 2017-2025 uncommitted capital plan totalling \$95.417 million debt (\$153.917 million gross);
2. adopts, subject to Council approval, the amendment to the 2016-2025 Capital Budget and Plan by increasing the project cost of the “Multi-Branch Renovation Program 2016-2018” by \$0.927 million, funded from the Canada 150 Community Infrastructure Program, to address urgent state of good repair projects with cash flows of \$0.304 million in 2016, \$0.558 million in 2017 and \$0.065 million in 2018;
3. adopts the confidential recommendation in Attachment 3 and authorizes the release of the information once appropriate approvals have been received, negotiations are complete and agreements are in place; and
4. authorizes and directs the appropriate Library staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The 2016 capital budget, excluding CIP 150 funding, consists of a 2016 cash flow of \$15.575 million debt (\$24.851 million gross) and a preliminary carry forward of \$1.300 million debt (\$2.294 million gross) for a total 2016 cash flow of \$16.875 million debt (\$27.145 million gross), with future year commitments of \$48.515 million debt (\$74.540 million gross). The 2017-2025 uncommitted capital plan total of \$95.417 million debt (\$153.917 million gross) consists of estimates for projects starting between 2017 and 2025.

The CIP 150, which will fund seven State of Good Repair (SOGR) projects, will increase the 2016-2025 capital budget and plan by \$0.927 million gross (\$0 debt) with cash flows of \$0.304 million gross (\$0 debt) in 2016, \$0.558 million gross (\$0 debt) in 2017 and \$0.065 million gross (\$0 debt) in 2018, resulting in an amended 2016-2025 capital budget and plan of \$256.529 million gross with debt funding remaining unchanged at \$160.807 million.

The recommended budget and plan exceeds City debt targets by \$5.802 million and is detailed in Attachment 1 and summarized in the following tables:

Gross & Debt Funding (\$000's)

Description	2015 Carry Forward	2016 Cash Flow	Total 2016 Cash Flow (incl 2015 C/Fwd)	2017 - 2025										Total 2016 -2025	
				2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2017-2025		
GROSS															
Budget: Projects appvd. 2016 or earlier	2,294	24,851	27,145	26,329	22,810	16,430	5,851	3,120	-	-	-	-	74,540	101,685	
Plan: Projects starting 2017-2025	-	-	-	867	7,328	14,484	18,137	27,251	26,119	18,669	20,350	20,712	153,917	153,917	
Total expenditure before CIP 150 funding	2,294	24,851	27,145	27,196	30,138	30,914	23,988	30,371	26,119	18,669	20,350	20,712	228,457	255,602	
CIP 150 Amendment: Multi-branch Minor Renovation Program 2016-2018	-	304	304	558	65								623	927	
Total expenditure including CIP 150 funding	2,294	25,155	27,449	27,754	30,203	30,914	23,988	30,371	26,119	18,669	20,350	20,712	229,080	256,529	
DEBT															
Budget: Projects appvd. 2016 or earlier	1,300	15,575	16,875	16,462	14,692	10,910	4,163	2,288	-	-	-	-	48,515	65,390	
Plan: Projects starting 2017-2025	-	-	-	103	2,741	7,488	13,270	15,145	16,250	12,500	12,500	15,420	95,417	95,417	
Total debt funding	1,300	15,575	16,875	16,565	17,433	18,398	17,433	17,433	16,250	12,500	12,500	15,420	143,932	160,807	

Summary of Funding Sources (\$000's)

Description	2015 Carry Forward	2016	Total 2016 (incl 2015 C/Fwd)	2017 - 2025										Total 2016 -2025
				2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2017-2025	
Federal Funding - CIP 150		304	304	558	65								623	927
Debt	1,300	15,575	16,875	16,565	17,433	18,398	17,433	17,433	16,250	12,500	12,500	15,420	143,932	160,807
Development Charges	66	5,668	5,734	7,173	9,508	8,857	5,177	11,560	8,491	4,120	4,542	2,865	62,293	68,027
Reserve Funds	-	1,930	1,930	2,080	1,819	2,281	-	-	-	671	1,930	1,049	9,830	11,760
IT lease end savings from operating	-	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	12,402	13,780
Other	928	300	1,228	-	-	-	-	-	-	-	-	-	-	1,228
Total funding	2,294	25,155	27,449	27,754	30,203	30,914	23,988	30,371	26,119	18,669	20,350	20,712	229,080	256,529

Incremental Operating Impacts (\$000's)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Impacts	175	61	98	148	175	112	899	934	53	44

Some capital projects will result in higher operating costs over the plan period, primarily related to branch expansions for Eglinton Square, Wychwood, Dawes Road, St. Lawrence and Guildwood.

Financing charges associated with the approved capital budget are budgeted by the City.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At the meeting on June 22, 2015, the Library Board approved the 2016-2025 capital budget and plan submission, which requested funding of \$222.998 million debt (\$319.118 million

gross) over 2016-2025, and exceeded debt targets by \$69.293 million over the 10-year period.

At the meeting on September 21, 2015, the Library Board approved the revised 2016-2025 capital budget and plan submission of \$18.238 million debt (\$28.327 million gross) in 2016 and \$225.040 million debt (\$321.833 million gross) over 2016-2025, which exceeded debt targets by \$71.335 million. The revised submission included additional debt funding of \$2.042 million for the Bayview and Dawes Road branch projects.

In response to direction from City Finance to present a budget that meets debt targets and identify unfunded needs, the revised submission was split into two parts: 1) capital projects funding that meet debt targets and 2) capital projects funding that exceed the debt targets and are therefore unfunded. The Library Board received this information and did not approve it.

	Gross (\$'000s)		Debt (\$'000s)	
	2016	2016-2025	2016	2016-2025
Budget Scenario Meets City Debt Targets (funded)	24,479	244,695	15,238	153,705
Exceeds City Debt Targets (unfunded)	2,535	81,567	3,000	71,335
Total	27,014	326,262	18,238	225,040

At its January 25, 2016 meeting, the Library Board received details of the City Staff's Preliminary 2016-2025 Capital Budget and Plan (Preliminary Capital Plan) of \$15.575 million debt (\$24.851 million gross) for 2016 and \$159.507 million debt (\$253.308 million gross) over 2016-2025, which includes the following:

- \$5.802 million of additional debt funding beyond the City debt targets to fund TPL's share of the parking at the relocated Bayview Branch and accessibility requirements through the Multi-Branch Renovation program;
- \$1.067 million of parking cost at the Bayview Branch that was previously shown as funded from debt was replaced by development charges funding; and
- two projects, Weston and Sanderson, were deferred in order to fund the additional costs for Dawes Road of \$2.649 million gross (\$1.199 million debt) .

The additional \$63.267 million debt requested by the Board to address SOGR is not included in the Preliminary Capital Plan and is being treated as unmet needs by the City. The unmet and unfunded needs relate to North York Central Library, Downsview, Richview, Jones, Deer Park, Barbara Frum, Locke, Parkdale, Don Mills, College/Shaw, and Queen/Saulter branches.

COMMENTS

At its final meeting on January 26, 2016, Budget Committee recommended TPL's Preliminary Capital Plan to be considered by Executive Committee. A preliminary 2015 carry forward of \$1.300 million debt (\$2.294 million gross) was included in Budget Committee Recommended 2016-2025 capital budget and plan. Final 2015 year-end capital

budget adjustments and unspent balances carried-forward will be determined in 2016 and will change the available 2016 cash flow.

At its meeting on February 9, 2016, the Executive Committee endorsed the Budget Committee's recommended capital budget and plan as amended by CIP 150 funding included in the "Canada 150 Community Infrastructure Program" report (Attachment 2). Executive Committee also adopted the following motion:

City Council direct the Deputy City Manager and Chief Financial Officer to review and consider for the Toronto Public Library Capital Budget adequate funding in 2017 to reduce the State of Good Repair backlog, so as to prevent this from growing to \$122.993 million or 14% of the total asset value over the next 10 years.

While some progress has been made on increasing the funding from the City, the capital budget and plan is inadequate to address the Library's SOGR requirements over the 10 years. The backlog is expected to triple and grow from \$37.499 million to \$122.993 million or 14.0% of the total asset value by the end of 2025.

Canada 150 Community Infrastructure Program (CIP 150)

In June 2015, the Library applied for state of good repair funding CIP 150 for seven projects, and they have been approved. CIP 150 is part of the Government of Canada's coordinated federal approach to celebrating Canada's 150th anniversary. The objective of the program is to support the rehabilitation, renovation and expansion of existing community infrastructure. Priority is given to smaller-scoped projects, which are construction ready and can be substantially completed by March 31, 2018.

The approval for CIP 150 funding is conditional upon a contribution agreement being signed by the Deputy City Manager & Chief Financial Officer and by the Federal Economic Development Agency for Southern Ontario (FedDev Ontario). The contribution agreement outlines the approved project funding, the scope of work, claims and reporting procedures, environment mitigation measures, if applicable, as well as other program requirements including communication and signage.

The total project cost of the seven projects is \$3.443 million of which \$2.775 million is eligible for CIP 150 funding. The maximum CIP 150 funding available from the Federal government is 33% of eligible project cost or \$0.927 million. TPL is responsible for funding the remaining \$1.848 million and the ineligible costs of \$0.668 million for a total of \$2.516 million comprised of \$2.204 million debt and \$0.312 million development charges from its Multi-branch Minor Renovation program.

(\$'000s)

Project Name	Project Description	Total Project Cost	Total Eligible	Federal Contribution	TPL Share		
					TPL Contribution	Total Ineligible	Total
Richview Branch Renovation	- Upgrading the flooring, library shelving, millwork and lighting on the second floor - Repairing exterior brick and building structure - Improving washrooms to meet health and safety standards - Replacing windows and skylights	1,077	887	296	591	190	781
Lillian H. Smith Branch Renovation	- Downsizing steam boilers - Replacing the HVAC controls and the Building Automation System	840	840	281	559	-	559
Agincourt Branch Improvement	- Repairing exterior walls - Replacing windows - Dividing the existing space to add an accessible Learning Centre	306	306	102	204	-	204
Humber Summit Branch Renovation	- Repairing Foundation walls - Replacing single glazed windows and doors - Reconstructing the interior staircase - Reconstructing asphalt paved walkways from parking lot and municipal walkways to main entrance - Renovating washroom to provide barrier free access	400	284	95	189	116	305
Riverdale Branch Repair	- Upgrading interior and exterior lighting, and electrical wiring	250	200	67	133	50	183
Amesbury Park Branch Renovation	- Repairing exterior brick wall system mortar and sealants - Replacing clerestory windows - Resurfacing parking lot, curbs and pedestrian sidewalks to improve accessibility to the library	450	138	46	92	312	404
Yorkville Branch Renovation	- Repairing the stone entrance and main front stairs	120	120	40	80	-	80
Total		3,443	2,775	927	1,848	668	2,516

The capital budget and plan, including the CIP 150 funding, is \$160.807 million debt (\$256.529 million gross), which includes a 2016 budget of \$16.875 million debt (\$27.449 million gross).

The Executive Committee recommended budget and plan will be considered at the Council meeting of February 17 to 18, 2016.

Council approval of the 2016-2025 budget and plan confers authority to spend the 2016 budget only. Spending requirements for each of the future years have to be submitted annually for approval.

Section 24(2) of the Public Libraries Act requires the Board to adopt the annual estimates that have been approved by City Council.

CONTACT

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SIGNATURE

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ATTACHMENTS

- Attachment 1: 2016-2025 Preliminary Capital Plan – Gross and Debt Funding
- Attachment 2: Canada 150 Community Infrastructure Program (CIP 150)
- Attachment 3: Confidential Information